

**Transition Resource Group for IFRS 17 Insurance Contracts
Submissions Log
As at 18 April 2018**

Log #	Submission Date	Topic	Question	TRG Meeting	TRG paper reference	Current Status	Comments
S01	18-Dec-17	Determining the quantity of benefits for identifying coverage units	The submission asks what the definition of "quantity of benefits" in paragraph B119(a) of IFRS 17 is for use in determining the amortisation pattern of the contractual service margin.	February 2018	AP05	To be discussed at the TRG	
				May 2018	AP05		
S02	18-Dec-17	Separation of insurance components of a single contract	The submission noted that insurers may combine different types of products or coverages that have different risks into one insurance contract. The submission asks if it is permitted to separate insurance components from the host insurance contract and measure the components separately.	February 2018	AP01	No further discussion planned at this time	
S03	18-Dec-17	Presentation of groups of insurance contracts in the statement of financial position	The submission asks whether the requirement in paragraph 78 of IFRS 17 to present separately in the statement of financial position groups of insurance contracts that are assets and groups of insurance contracts that are liabilities is appropriate and whether presentation at a portfolio level would be more appropriate considering groups share similar risks and are managed together. The submission notes that as a result of implementation of paragraph 78 of IFRS 17 preparers will provide information which will not add value to the users of the financial statements and will be produced at significant cost for preparers on and after transition.	February 2018	AP07	Implementation challenges outreach to be reported to the TRG and the Board	
				May 2018	AP06		
S04	18-Dec-17	Subsequent treatment of contracts acquired in their settlement period	The submission asks how insurance revenue and insurance service expenses should be presented for insurance contracts acquired in conjunction with a business combination or similar acquisition in their settlement period. More specifically, whether revenue would reflect the entire expected claims or not.	February 2018	AP07	Implementation challenges outreach to be reported to the TRG and the Board	
				May 2018	AP06		
S05	21-Dec-17	Insurance acquisition cash flows when using fair value transition	The submission asks if and how insurance acquisition cash flows that occurred prior to the IFRS 17 transition date are determined if the fair value approach to transition is applied. The submission notes that to do this would be burdensome and largely impracticable and so requests that if IFRS 17 does require these past cash flows to be determined, that an amendment is made to the Standard to change that requirement.	February 2018	AP06	No further discussion planned at this time	
S06	22-Dec-17	Business combinations on transition - classification date	The submission asks what the relevant date is for determining whether contracts acquired in previous business combinations are classified as insurance contracts when an entity transitions to IFRS 17 retrospectively. The submission notes that there is an inconsistency in the requirements of the Standard and the intention of the Board set out in Agenda Paper 2C of the February 2017 Board meeting.	February 2018	AP07	No further discussion planned at this time	This question will be considered as part of the annual improvements process
S07	22-Dec-17	Insurance acquisition cash flows paid on an initially written contract	The submission asks whether all insurance acquisition cash flows are allocated to the initial contract issued if they are partly associated with future renewals.	February 2018	AP04	No further discussion planned at this time	
S08	02-Jan-18	Insurance acquisition cash flows when using fair value transition	The submission asks whether when applying the fair value transition approach insurance acquisition cash flows should be considered.	February 2018	AP06	No further discussion planned at this time	
S09	02-Jan-18	Allocating the contractual service margin at the end of a period to coverage units	The submission questions how to allocate the contractual service margin to coverage units provided in the current period and expected to be provided in the future applying paragraph B119(b) of IFRS 17.	February 2018	AP07	No further discussion planned at this time	
S10	02-Jan-18	Classification of contracts acquired in a business combination	The submission notes that according to the consequential amendments to IFRS 3 <i>Business Combinations</i> , classification of contracts acquired in a business combination transaction is based on the terms and conditions at the transaction date. The submission acknowledges that this could result in different contract classifications for an acquirer and an acquiree. The submission states that this will result in onerous system implications and various consolidation complexities.	February 2018	AP07	No further discussion planned at this time	
S11	02-Jan-18	Contract boundary	The submission questions how entities should interpret the phrase "practical ability to reassess the risks" of a policyholder or a portfolio of insurance contracts when assessing the boundary of an insurance contract.	May 2018	AP03	To be discussed at the TRG	
S12	02-Jan-18	Coverage units	The submission asks whether coverage units, and the corresponding quantity of coverage provided by contracts, should be defined in terms of insurance coverage and insurance benefits only or in terms of all contract benefits including investment components.	May 2018	AP05	To be discussed at the TRG	
S13	02-Jan-18	Modifications to retrospective application	This submission is about applying the full retrospective approach to transition. The submission asks what modifications are permitted when applying IFRS 17 retrospectively. Specifically, the submission questions whether reasonable approximations are permitted when applying IFRS 17 retrospectively or whether the existence of specified modifications in the modified retrospective approach suggests that other modifications should not be used when applying IFRS 17 retrospectively.	May 2018	AP07	To be reported to the TRG	

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S14	02-Jan-18	Projected returns on assets	The submission asks whether 'risk neutral' or 'real world' scenarios should be used for stochastic modelling techniques to project future returns on assets, applying paragraph B48 of IFRS 17. The submission describes a 'real world' approach to be based on an assumed distribution of scenarios that is intended to reflect realistic assumptions about actual future asset returns. The submission describes a 'risk neutral' approach to be based on an assumed distribution of scenarios that is not intended to reflect realistic assumptions about actual future asset returns. Instead, there is an underlying assumption that, on average, all assets earn the same risk-free return, with a range of scenarios analysed reflecting the assumed volatility of returns for an asset class consistent with volatility implied by option prices.	May 2018	AP07	To be reported to the TRG	
S15	02-Jan-18	Boundary of reinsurance contracts held	The submission questions how to read paragraph 34 of IFRS 17 regarding the boundary of an insurance contract with respect to reinsurance contracts held.	February 2018	AP03	No further discussion planned at this time	
S16	02-Jan-18	Discount rate to be used to adjust the contractual service margin of reinsurance contracts held	The submission asks what discount rate is used to adjust the contractual service margin of reinsurance contracts held applying paragraph 66(c) of IFRS 17.	February 2018	AP07	No further discussion planned at this time	An editorial correction will be made to add a reference to paragraph B72(c) in paragraph 66(c) of IFRS 17
S17	02-Jan-18	Using consistent assumptions for the measurement of reinsurance contracts held and the underlying insurance contracts	The submission notes that paragraph 63 of IFRS 17 requires the use of assumptions for the measurement of the estimates of the present value of the future cash flows for a group of reinsurance contracts held that are consistent with those used to measure the underlying insurance contracts. The submission questions whether this means that the use of an identical discount rate is required.	February 2018	AP07	No further discussion planned at this time	
S18	02-Jan-18	Boundary of reinsurance contracts held - future cessions	The submission asks whether future cash flows for reinsurance contracts held should include cash flows related to the ceding of assumed future sales of insurance contracts issued. The submission notes that if this is required, the implementation would lead to development of assumptions not currently used in practice and auditors would be challenged with evaluating the appropriateness of such assumptions.	February 2018	AP03	No further discussion planned at this time	
S19	02-Jan-18	Reinsurance contracts held - treaty vs cession	The submission asks, for purposes of establishing the unit of account for reinsurance contracts held, whether a "contract" should be defined as an individual treaty (i.e. legal agreement) or as an individual cession (i.e. the reinsurance coverage provided for an individual insurance contract issued).	February 2018	AP01	No further discussion planned at this time	
S20	02-Jan-18	Grouping contracts using the modified retrospective approach to transition	The submission notes that applying the modified retrospective approach to transition, paragraphs C8 and C10 of IFRS 17 require that groups of insurance contracts do not include contracts issued more than one year apart if the entity has reasonable and supportable information to do that. The submission questions whether the wording in paragraph BC392 of Basis for Conclusions on IFRS 17 and example 17 in Illustrative Examples on IFRS 17 might suggest otherwise.	February 2018	AP07	No further discussion planned at this time	
S21	02-Jan-18	Mutual entities	The submission asks how paragraph BC265 of Basis for Conclusions on IFRS 17 should be applied when the residual interest of the mutual entity is due to policyholders through a vehicle other than the insurance contract they hold.			On hold	The submitter has requested to put this question on hold because they are performing further analysis
S22	02-Jan-18	Boundary of contracts with annual repricing mechanisms	The submission asks how to interpret the term "contract boundary" described in paragraph 34 of IFRS 17 in the context of contracts with annual repricing mechanisms.	February 2018	AP02	No further discussion planned at this time	
S23	02-Jan-18	Premiums received applying the premium allocation approach	The submission questions what is meant by "premiums, if any, received" in paragraphs 55(a)(i) and 55(b)(i) of IFRS 17 with respect to the measurement of the liability for remaining coverage applying the premium allocation approach. The submission considers three interpretations. The first based on a literal reading of the standard refers to premiums actually received. The other interpretations are broader and include premiums due and premiums expected.	February 2018	AP07	Implementation challenges outreach to be reported to the TRG and the Board	
				May 2018	AP06		
S24	02-Jan-18	Discount rates applied to the contractual service margin for contracts without direct participation features	The submission outlines the differing discount rates to be used for initial measurement (B72(a)) and subsequent measurement (B72(b)) of insurance contracts without direct participating features. The submission considers that this will result in diversity between insurance revenue recognised for insurance contracts without direct participating features but that have some asset dependent cash flows and for insurance contracts with direct participation features accounted for applying the variable fee approach.	February 2018	AP07	No further discussion planned at this time	

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S25	02-Jan-18	Investment components	The submission notes that paragraph B96 of IFRS 17 requires the carrying amount of the contractual service margin to be adjusted for a difference in the investment component as a result of the acceleration or delay of repayment. The submission questions whether this is appropriate because a result of this requirement is that the contractual service margin will be adjusted for changes solely in timing of payments. The submission considers that this appears to conflict with the principle underpinning insurance revenue set out in paragraph B120. The submission also provides examples of an alternative approach.	February 2018	AP07	No further discussion planned at this time	
S26	02-Jan-18	Variable fee approach when the return is shared based on amortised cost measurement of the underlying items	The submission questions whether contracts where the return is based on an amortised cost measurement of the underlying items would fail the definition of insurance contract with direct participation features.	February 2018	AP07	No further discussion planned at this time	
S27	16-Jan-18	Premiums received applying the premium allocation approach	The submission states that paragraphs 55(a)(i) and 55(b)(i) of IFRS 17 appear to preclude the recognition of future premiums already invoiced but not yet paid and future premiums not yet invoiced in the measurement of the liability for remaining coverage applying the premium allocation approach. The submission asks whether this interpretation is correct and states that some preparers are looking to interpret the requirements of IFRS 17 to permit the inclusion of premiums receivable because they consider it would provide more transparent information and because of practical difficulties and costs in identifying premiums received on a group of insurance contracts basis. The submission requests that the Board amends IFRS 17 to allow the recognition of premiums receivable when measuring the liability for remaining coverage applying the premium allocation approach. The submission requests that, if the Board does not amend IFRS 17, further examples and guidance of applying this treatment are provided.	May 2018	AP06	Implementation outreach to be reported to the TRG and the Board	
S28	12-Feb-18	Insurance contracts with direct participation features - adjustments to the contractual service margin	The submission states that within IFRS 17 there are two different definitions of the adjustments to the contractual service margin for insurance contracts with direct participation features. The submission considers these two different definitions to result in different mathematical outcomes. Specifically, the submission compares: (a) Paragraph 45(b) of IFRS 17 'the entity's share of the change in the fair value of the underlying items'; and, (b) Paragraph B112 of IFRS 17 'changes in the entity's share of the fair value of the underlying items'.	May 2018	AP07	To be reported to the TRG	
S29	20-Mar-18	Discount rates applied in the allocation of insurance finance income or expenses	The submission considers the discount rate used to determine the amount of the insurance finance income or expenses to be included in profit or loss if an entity chooses to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. Specifically, the submission considers paragraph B72(e)(i) of IFRS 17 for a group of insurance contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to policyholders. The submission asks whether an entity should use an effective yield rate or a yield curve.	May 2018	AP07	To be reported to the TRG	
S30	21-Mar-18	Determining the coverage period and allocating the CSM for contracts where there is no absolute limit for the coverage period	The submission refers to situations whereby the coverage period is indeterminable or not reliably estimable because the underlying claims can have payments over decades, with no limit on when claims can be made. For example, asbestos claims were still being made in 2017 that triggered coverage on 1950s commercial liability policies in the U.S. Another example is when claims in their settlement period acquired via a business combination. The submission asks how the contractual service margin should be allocated if this is the case.	May 2018	AP05	To be discussed at the TRG	
S31	21-Mar-18	Reinsurance contracts issued - accounting for commissions	The submission asks, for reinsurance contracts issued, whether some specific common features such as commissions should be accounted for as separate or net cash flows.			To be considered for a future TRG meeting	Further information was requested from the submitter
S32	21-Mar-18	Issued adverse loss cover and contracts acquired in their settlement period	The submission states that for issued adverse loss cover and contracts acquired in their settlement period, it is not clear how the liability for remaining coverage will be reduced because service has been provided. The submission asks when claims are incurred for these contracts. The submission also asks, for contracts acquired in their settlement period, what subsequent treatment should be applied if the liability for remaining coverage is determined to have nil contractual service margin at initial recognition (ie insurance contracts are measured at zero with nil contractual service margin) and estimates of future cash outflows decrease subsequently.	May 2018	AP07	To be reported to the TRG	

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S33	21-Mar-18	Scope of IFRS 17	The submission asks whether IFRS 17 would apply to six examples of contracts typically issued by non-insurance entities. Those examples can be grouped in the following three categories: (a) loan contracts that may waive some or all of the payments due under the contract; (b) service contracts including a form of EBITDA guarantee; and (c) credit card contracts providing coverage for a supplier failure.	May 2018	AP07	To be reported to the TRG	Outreach will be performed to better understand the nature of the contracts described in the submission and how they are accounted for today
S34	21-Mar-18	Contract boundary - more than one type of coverage	The submission asks how the boundary should be determined for contracts that contain multiple coverages, each of which would have a different boundary if sold on a stand-alone basis.	May 2018	AP03	To be discussed at the TRG	
S35	21-Mar-18	Level of aggregation - no significant possibility of becoming onerous	The submission asks how 'no significant possibility' should be interpreted as set out in paragraph 16(b) of IFRS 17. The submission expresses a view that one possible interpretation is by analogy to the concept of significant insurance risk in paragraphs B17-B23 of IFRS 17.	May 2018	AP07	To be reported to the TRG	
S36	21-Mar-18	Contracts with optional additions	The submission asks how an option to add coverage to an existing coverage on terms that are not guaranteed should be accounted for. Specifically, the submission considers whether or not cash flows associated with these options are within the boundary of the existing contract.	May 2018	AP03	To be discussed at the TRG	
S37	21-Mar-18	Projecting economic conditions	The submission asks whether an entity's estimate of future economic conditions is ever required to estimate future cash flows. Specifically, the submission considers the estimates of non-market variables that correlate to market variables applying paragraph B53 of IFRS 17. The submission considers scenarios using either a risk-neutral approach or an approach based on the entity's actual expectations.	May 2018	AP07	To be reported to the TRG	
S38	21-Mar-18	Reflecting minimum guarantees	The submission asks whether paragraph B76 of IFRS 17 restricts how minimum guarantees are reflected in the present value of future cash flows. Specifically, the submission asks if it is required that the minimum guarantees are reflected through adjusting the discount rate (and not through adjustments to the cash flows).	May 2018	AP07	To be reported to the TRG	
S39	21-Mar-18	Boundary of reinsurance contracts held with repricing mechanisms	The submission asks how the boundary of a reinsurance contract held should be determined when the reinsurer has the right to reprice remaining coverage prospectively. In the fact pattern provided in the submission the reinsurer can choose: (a) not to exercise the right to reprice. In this case, the entity (the holder of the contract) is committed to continue paying premiums to the reinsurer; or (b) to exercise the right to reprice. In this case, the entity has the right to terminate coverage.	May 2018	AP04	To be discussed at the TRG	
S40	21-Mar-18	Discount rate for reinsurance contracts held	The submission questions what discount rate should be used to measure the present value of future cash flows of a reinsurance contract held if the liquidity characteristics of the underlying contracts are different from those of the reinsurance contract held.	May 2018	AP07	To be reported to the TRG	
S41	21-Mar-18	Coverage units for reinsurance contracts held	The submission asks whether, for reinsurance contracts held, coverage units are determined based on the services provided by the reinsurer or the coverage units of the underlying insurance contracts.	May 2018	AP07	To be reported to the TRG	
S42	21-Mar-18	Risk of non-performance of the issuer of a reinsurance contract held	The submission asks whether, for reinsurance contracts held, the risk of non-performance of the issuer of the reinsurance contracts is considered within the estimates of the present value of future cash flows or the risk adjustment for non-financial risk.	May 2018	AP07	To be reported to the TRG	
S43	21-Mar-18	Risks considered in assessing contract boundary	The submission asks what risks should be considered when applying paragraph 34(b) of IFRS 17 regarding cash flows within the boundary of an insurance contract.	May 2018	AP03	To be discussed at the TRG	
S44	21-Mar-18	Contracts in a group with varying quantity of benefit	The submission asks how coverage units should be allocated if a group of insurance contracts consists of insurance contracts with various quantities of benefits.	May 2018	AP05	To be discussed at the TRG	
S45	21-Mar-18	Accounting for insurance contracts issued by mutual entities	The submission asks whether a contractual service margin should be recognised for participating insurance contracts and non-participating insurance contracts issued by a mutual entity.			To be considered for a future TRG meeting	To be considered with S21 which is on hold

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S46	21-Mar-18	Determining the risk adjustment for non-financial risk in a group of entities	The submission asks at which level the risk adjustment for non-financial risk is required to be determined: (a) in the individual financial statements of entities that are part of a consolidated group (ie parent and subsidiary entities that issue insurance contracts); and (b) in the consolidated financial statements of the group of entities.	May 2018	AP02	To be discussed at the TRG	
S47	21-Mar-18	Combining insurance contracts	The submission asks when it may be necessary to treat a set or series of insurance contracts as a whole, applying paragraph 9 of IFRS 17. Additionally, the submission also considers some scenarios of how to account for contract riders.	May 2018	AP01	To be discussed at the TRG	
					AP03		
S48	21-Mar-18	Coverage units - contracts with other services	The submission asks how to apply paragraph B119 of IFRS 17 when identifying and allocate coverage units in a group of insurance contracts that provide insurance coverage and other services.	May 2018	AP05	To be discussed at the TRG	
S49	23-Mar-18	Contract boundary	The submissions asks four questions on paragraphs 34(b) and B64 of IFRS 17: (a) what is meant by 'risk'? (b) are commercial considerations relevant when considering 'practical ability to reassess risk' (c) is it relevant whether an entity takes a long term view of risk when setting the pricing structure if the pricing structure is presented in a way which aligns to risks up to the reassessment date? (d) does guaranteed renewability represent a substantive right or obligation?	May 2018	AP03	To be discussed at the TRG	Questions (c) and (d) were discussed at the February 2018 meeting